

Message Text

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SUBJ: ECONOMIC POLICIES AND LAWS

1. THE COUNCIL OF MINISTERS, ACCORDING TO AN AUGUST 4 OFFICIAL COMMUNIQUE, HAS MADE PROGRESS TOWARD ISSUANCE OF ECONOMIC LEGISLATION, INCLUDING A STRIKE AND LOCKOUT LAW "WHICH WILL BE SUBMITTED SOON TO THE COUNCIL OF STATE".

2. THE BRIEF COMMUNIQUE, ISSUED AT THE END OF A 17-HOUR SESSION OF THE MINISTERS, STATED THAT THEY HAD UNANIMOUSLY APPROVED PRIORITY PROPOSALS FOR ECONOMIC POLICIES WHOSE OBJECTIVES WOULD BE THE REANIMATION AND STIMULATION OF ECONOMIC ACTIVITY. IT ALSO STATED THAT THE COUNCIL HAD UNANIMOUSLY AGREED TO ADOPT A PACKAGE OF MEASURES PROVIDING FOR AUSTERITY, FISCAL REFORM, WORKERS' DEMANDS, PENSIONS AND MAXIMUM SALARIES.

3. THE UNANIMITY STRESSED ELSEWHERE IN THE COMMUNIQUE
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WAS NOTICEABLY ABSENT IN THE CASE OF THE STRIKE-LOCK

OUT LAW. HERE THE COMMUNIQUE SAID ONLY THAT A DRAFT LAW, SOON TO BE SUBMITTED TO THE COUNCIL OF STATE, WAS DISCUSSED.

4. SHORT PRESS INTERVIEWS OF THE MINISTERS AS THEY DEPARTED FROM THE "LONGEST COUNCIL OF MINISTERS' MEETING IN PORTUGUESE HISTORY" DID LITTLE TO ENLARGE ON THE COMMUNIQUE. THE MINISTER OF LABOR, HOWEVER, WAS QUOTED AS SAYING THAT THE STRIKE-LOCKOUT LAW WAS APPROVED IN PRINCIPLE. COMMUNIST MINISTER WITHOUT PORTFOLIO CUNHAL, ON THE OTHER HAND, DUCKED A QUESTION AS TO WHETHER THE STRIKE LAW WAS STAISFACTORY BY SAYING IT WAS STILL PREMATURE TO COMMENT.

5. AMONG OTHER ITEMS MENTIONED IN THE COMMUNIQUE WAS APPROVAL OF JOAO SALGUEIRO TO BE VICE GOVERNOR OF THE BANK OF PORTUGAL.

6. COMMENT:

A. AS REPORTED EARLIER, THE DISPARATE FACTIONS WITHIN THE CABINET ARE FINDING IT DIFFICULT TO FIND AGREEMENT ON LABOR LEGISLATION. IN CONTRAST, IF THE COMMUNIQUE IS ACCURATE, THERE HAS BEEN A MEETING OF THE MINDS ON POLICIES AND LAWS PURSUING THE AUSTERITY CALLED FOR BY PRESIDENT SPINOLA AND PRIME MINISTER GONCALVES AT THE TIME THE NEW GOVERNMENT TOOK OFFICE. UNTIL THE CONTENT OF THESE POLICIES AND LAWS IS MORE FULLY KNOWN, HOWEVER, THE WATCHFUL WAITING OF THE BUSINESS COMMUNITY IS UNLIKELY TO CHANGE.

B. THE APPOINTMENT OF JOAO SALGUEIRO TO THE POST OF VICE GOVERNOR OF THE BANK OF PORTUGAL ENDS SPECULATION ON THE FATE OF A LEADING PLANNING OFFICIAL IN THE CAETANO GOVERNMENT, WHO, DESPITE A REPORTEDLY CLOSE RELATIONSHIP WITH CAETANO, PLAYED A PROMINENT ROLE IN SEDES (REGARDED IN PRE-COUP DAYS AS A POTENTIAL OPPOSITION PARTY) AND WAS VIEWED WITH SUSPICION BY MANY IN THE OLD GOVERNMENT. HIS NEW APPOINTMENT TO A RESPONSIBLE POST SUGGESTS THAT ANY TAINIT HE MIGHT HAVE CARRIED FROM THE OLD REGIME HAS BEEN OVERCOME.

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